Preserve

App. F. IX-4 Lm 16-34 (1-3)
Lm 2-33 (1-3, 7) 1935.6 (L. m.)

File No. 7-35
Serial Nos. 1-5

Previous References
L. m 30-31 (1-6)
" 21-29 . . . (1-4)
" 11-33 . . . (1-2)
" 5-34 . . . (1-2)

Letter References
L.M 7-36 (1-2)
L. m 16-36 (1-4)

Return

Pile

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. five.

Part B for March 36

SUBJECT.

Rate of interest on amounts deposited by L. m. bank

B 5719 dt. 19.3.36
to Regr. C.S.

WD 03607—GPB—22,500—2-8-35

States that it is not possible to alter the payment of a higher ——

L028U 2635 (1

General and Revenue Secretariat. | L M File No. 7 of 1935. | [App. F. III-2

1. From the Registrar C.S.
No 2614 dt 29.10.35
Requests in the circumstances that interest may be allowed on the Bank deposits with the Trustee on the basis of daily balances and at 4½% as is being allowed to the Bank for sums withdrawn for discounted loans on the basis of Cash credit arrangement.

2 Letter dated 5/12/35 from the President of the Land mortgage Bank forwarding copy of letter referred to above and intending to discuss with the Secretary to Govt on Saturday the 7th instant.

Secretary to Govt's orders on the P.V.D

1) "To Gen Secy with compliments. Will you kindly look into these papers and present when Mr. Srinivasa Iyengar comes to see me?" Sd/- N. M. 6

2) Co-operative Society for a note to Secy Sd/- 6

Sd/- 2

3) A note on the subject is submitted herewith to directors

Sd/- 6/12/35 4) The conditions of the money market now are not the same as what it was some two or three years ago. There is cheap credit now. Even in case of 5 years fixed deposit, the

NOTE—Contn. Sheet.

Rate of interest on amounts deposited by the Land Bank

File No. 7 of 1935 — General and Revenue Secretariat

The question raised is one of financial opinion in the first instance. It is open to the Bank not to take cash credit and pay interest at 4½%. They might as well disburse their amounts towards long term loans.

K.P. 7/12.35.

11 Jan

5) Gen. Secy) 7/12/35

6) [illegible]

GENERAL SECRETARY 2 JAN 1936 28

[illegible] on 2 [illegible] 1936

7) Sd/- 2/1/36

8) Letter addressed by the Secretary to the Registrar C.S. vide on 3/1/36 (Draft kept in file)

Letter No D 4661 dated 3-2-36 of the Registrar calling for certain information

file A

4/2/36

9/2/36 DEVELOPMENT BRANCH

10) Letter No 393 dated 12/2/36 from the Registrar C.S. furnishing the information called for ~~[illegible]~~ in the letter dated 3/2/36 and stating that the lowering of the interest rate will not materially help the Banks

635 / 372)

(3

General and Revenue Secretariat | File No.) of 193 | [App. F. III—2

Serial No.

9) The letter dated 3/2/36 (formerly P.U. dis a reply.) flagged 'A' in the file. Subd for orders whether the opinion of the President of the Urb. Bank has also to be obtained

Sd 28 17/2/36 10) Gen. Secy) dep 18/2/36

11) It may not be possible to allow a higher rate of interest on the amounts in the hands of the Trustee

12) The rate of interest charged on cash credits may be lowered. Considering the market rate at present 3½% or 4% will be a fair rate (as against 4½% now charged. For favour of remarks, if any

26/2

Sd Secy with compliments)

13) A. I agree with "A" above. No private Bank will pay more than the rate of interest now allowed by Government on such call deposits.

14) B. No amount is due at present from the Bank on account of Cash Credit arrangement. The Registrar has stated that the lowering of interest on the Cash credit will not materially help the Bank. This question may be considered, when it is raised by the Bank.

26/3

FINANCIAL SECRETARIAT ... C.No.Fl. 2025 ... 27. FEB. 1936 ... BANGALORE.

NOTE.—Contn. Sheet.

WD 03591—GPB—30,000—13-7-35

(11 Rate of interest on amounts deposited by the L.M. Bank

Law File No. of 193 5 General and Revenue Secretariat

15) for orders.

Secd member)

10/3/36
seg

16) A draft reply may be put up as per file secy's note -

11/3/36.
Secd
17/3
seg

17) A draft reply to the Receiver is also prepared

12/3/36 18) Gen. Secy)

13/3/36
Secd
14/3

19) Second member)

20) Secd 17/3/36

21) Secd
17.3
seg

To. the Secy to
Govt. of India, Fin. Dept.
Simla.

Sir,

I am directed to say that it is not possible to undertake the management of a higher rate of interest

SECOND MEMBER

No. 1464

13 MAR

OFFICE OF THE SECOND MEMBER OF COUNCIL

1

No. 701

GEN. & REV. SECRETARIAT

21/3

DEVELOPMENT BRANCH

In their order dated 11-4-30 Govt sanctioned the issue by the Land mortgage Bank of debentures to the value of Rs 3 lakh at 5% per annum free of income tax, for the grant of long term agricultural loans, and directed that, till the long term loans are actually sanctioned and documents obtained therefor, the amount raised by debentures should be kept in fort Treasury or the Bank of Mysore in the name of the Trustee of the Bank (Comptroller) the amount required for payment being drawn and disbursed by the Trustee to the Bank

Flag W

Para 6

In their order dated 20/6/33 interest at 4½ per cent per annum was allowed as a special case, instead of the current R.B. rate on the balance left in the hands of the Trustee (Comptroller) during 1930-31 and 1931-32 out of the Debenture amount raised by the Bank and deposited with the Trustee as per G.O dated 11-4-30

Flag N

On the recommendation of the Registrar in his letter dated 30/1/34 Govt sanctioned a cash credit upto Rs 20000/- at 4½% to the Land mortgage Bank with effect from 1-7-33. The amount was raised to Rs 50000/- subject to certain conditions, in G.O dated 29-9-34.

Flag X

Flag K

In their order dated 30-11-33 Govt authorised the L.M. Bank to float a second series of debentures to the value of Rs 2½ lakhs at 4½ per cent per annum free of income tax. and permitted the Bank to obtain subscriptions from time to time only to the extent

Flag L

6

of money needed, the whole amount of Rs 2-5 lakhs was made up

As the ~~deficiency~~ amount raised by the issue of two lacs debentures fell very much short of the requirement of the Bank, Govt ~~directed~~ sanctioned the issue of a third series of debentures by the Bank for a sum of Rs 4 lakhs at 4% per annum free of income tax, subject to certain conditions. (G.O dated 18-1-1935)

Key M

The present ~~request~~ contention of the Bank is that while it pays interest at the rate of 4 1/2 % cent on the daily balances overdrawn from the Treasuries, it receives ~~only~~ interest only at 2 3/4 per cent on balances upto Rs 100 and at 2% on balance above Rs 100000/- on the monthly minimum standing to its credit (from the 4th to the end of the month) as per S. B. Deposit rates. On the deposits of the Bank in the Treasury in the name of the Trustee of the Bank ~~and~~ and that it has to pay interest to the debenture holder from the date of receipt of the debenture subscription

The President therefore requests that ~~the~~ sanction for payment of interest on the Banks' deposits (after the first) on the basis of daily balances as is done in respect of the payment of interest by the Bank on their cash credit accounts and (viz 4 1/2 per cent) and 2) at the same rate as is charged by for in respect of amounts overdrawn by the Bank under the cash credit arrangement instead of at the S. B. Deposit rates

The Registrar recommends that the request of the Bank may be conceded for a period of two or three years at least as the resources of the Bank are still under

It may be stated that interest at 6½ per cent was allowed as a special case on the balances of the Bank during 1930-31 and 1931-32 as per G.O dated 20/6/33. (vide para 2 of the note above)

Flag N

6/12/35

7/12/35

No. 2614 C.S. Encl 1 GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore, 29.10.1935.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

M. Venkatesa Iyengar, Esq., M.A.,
General Secretary to the Government
of Mysore, Bangalore.

GEN. & REV. SECRETARIAT 30/10 DEVELOPMENT BRANCH LM 7-35-1

Sir,

I have the honour to state that the Mysore Co-operative Land Mortgage Bank has with previous permission of Government issued three series of debentures carrying interest at 5, 4½ and 4 % respectively, the first two repayable in 1960 and the last one in 1965. The monies so raised are before actual disbursement to approved applicants, invested in current deposit in the name of the Comptroller who is the Trustee of the Bank, as per para 6 of G. O. No.12215-8/L.M. 21-29-2 dated 11-4-30, on which the Bank receives interest at 2¾ % per annum on minimum balances between the 4th and end of the month. The President of the Bank explains in his letter No.S.I. 118 dated 8-10-35 (copy enclosed) how it is put to much loss on this account and requests that sanction of Government may be obtained for allowing interest on the Bank's deposits with the Trustee on the basis of daily balances and at 4½ % as is being charged to the Bank for sums overdrawn by the Bank from Taluk Treasuries for disbursement of sanctioned loans, on the basis of cash credit arrangement. As the resources of the Bank are still slender and it has yet been unable to earn profits owing to poor recoveries due to the economic depression, I have the honour to propose that the Bank's request may be conceded to for a period of two or three years at least.

I have the honour to be,
Sir,
Your mostobedient servant,

M. S. Mehkri
Registrar. 29/10

AWG.
25/10

Letter No.S.I.118 dated 8th October 1935, from the President, Land Mortgage Bank, Ltd., Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

****

I have the honour to state that in accordance with condition No.6 under para one of Government Order No.G.12215-8/L.M.21-29-2 dated 11th April 1930, the amounts raised by the Bank by the issue of debentures are being deposited with the Comptroller who has been appointed Trustee of the Bank. On these amounts, interest is being allowed to the Bank only at the Government Savings Bank rates (the current rates being 2¼ per cent on balances upto Rs 10,000/- and 2 per cent on balances in excess of Rs 10,000/-) on the monthly minimum balances standing to its credit, while the Bank has to pay to the subscribers of debentures interest at 4 per cent (which is the rate borne by the current series) from the dates on which their subscriptions are paid. Under this arrangement, the Bank is subjected to a double loss- firstly, loss on account of the lower rate of interest allowed to it by the Comptroller than that payable by it to the debenture-holders in respect of the amount placed in his hands as Trustee under the orders of Government and secondly loss of interest even at the reduced rate of interest for part of the month in respect of debenture subscriptions received by the Bank and remitted in the course of the month. For instance, if a debenture subscription is received by the Bank on the 5th of a certain month and forthwith sent to the Trustee, the Bank is not allowed any interest at all thereon for the month by the Comptroller, though it has to pay interest at 4 per cent to the debenture holder from the date on which the subscription was received..

In this connection, I may state that in respect of all amounts overdrawn by the Bank from the Government Treasuries for disbursement of loans under the cash credit arrangement sanctioned by Government in their (K) Orders No.D.2386-8/L.M.5-34-2 dated 27/29th September 1934, it is understood that interest is being charged to the Bank at 4½ per cent on the daily balances standing against it in the cash credit account.

I beg to submit that in order to save loss to the Bank, whose interests are so kindly protected by the Government by bearing its working expenses in its initial stages till it becomes self-supporting, the same rules may be adopted in the payment of interest by Government on debenture amounts deposited by the Bank with the Trustee as those observed in respect of the interest charged by Government to the Bank on overdrawals made

made by it under the cash credit arrangement. I accordingly request that you will be so good as to recommend to Government and obtain their sanction for payment of interest on the Bank's deposits with the Trustee (1) on the basis of daily balances, as is done in respect of the cash credit account, and (2) at the same rate as is charged by Government in respect of amounts overdrawn by the Bank from the Government Treasuries under the cash credit arrangement instead of at the Savings Bank rate, for a period of one year at least, if it cannot be sanctioned for a longer period.

****

" C O P Y "

S.

Registrar.

29/10/14

AWG.
26/10

2028

(4 26 ...

THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, LTD.

ALBERT VICTOR ROAD, CHAMARAJPET,

BANGALORE CITY.

Diwan Bahadur
RAJASABHABHUSHANA
K. R. SRINIVASIENGAR, M.A.,
PRESIDENT.

D.O.No: 189
Encls: two

DATED 5th December 1935

OFFICE OF THE SECOND MEMBER OF COUNCIL.
6 DEC. 1935
No. 2052

Dear Mr. Madhava Rao,

As suggested by you yesterday, I shall see you in your chambers at the Public Offices at about 1-15 P.M. on Saturday the 7th instant to have a talk with you about the working of the Land Mortgage Bank. One subject which I wish to particularl discuss with you is my representation to Government to allow the Bank the same rate of interest on debenture and other amounts deposited with the Comptroller-Trustee as is charged by Government on monies drawn by the Bank from Government ~~out of~~ under the cash-credit arrangement sanctioned by them. The reference on this subject is, I believe, pending with the Government. A copy of my letter to the Registrar and also of the Registrar's letter to the Government in the matter is herewith enclosed for your ready reference.

Yours sincerely,

N. Madhava Rao, Esq., B.A., B.L.,
Member of Council,
BANGALORE.

Letter No.2614 CS dated 29th October 1935 from the Registrar of Co-operative Societies, in Mysore to the General Secretary to Government of Mysore, Bangalore.

"I have the honour to state that the Mysore Co-operative Land Mortgage Bank has with previous permission of Government issued three series of debentures carrying interest at 5, 4½ and 4% respectively, the first two repayable in 1960 and the last one in 1965. The monies so raised are before actual disbursement to approved applicants invested in current deposit in the name of the Comptroller who is the Trustee of the Bank, as per para 6 of G.O. No.12215-8/L.M.21-29-2 dated 11-4-1930, on which the Bank receives interest at 2¾% per annum on minimum balances between the 4th and end of the month. The President of the Bank explains in his letter No.S.I.118 dated 8-10-1935 - (copy enclosed) how it is put to much loss on this account and requests that sanction of Government may be obtained for allowing interest on the Bank's ~~deposit~~ deposits with the Trustee on the basis of daily balances and at 4½% as is being charged to the Bank for sums overdrawn by the Bank from Taluk Treasuries for disbursement of sanctioned loans on the basis of cash credit arrangement. As the resources of the Bank are still slender and it has yet been unable to earn profits owing to poor recoveries due the economic depression, I have the honour to propose that the Bank's request may be conceded to for a period of two or three years at least."

" Copy "

President,
Mysore Co-operative Land Mortgage Bank, Ltd.

RS

WHILE REPLYING PLEASE
REFER TO
NoS.I.118

1

BANGALORE CITY,
Dated 8th October 19 35

From

Diwan Bahadur
Rajasabhabhushana K. R. SRINIVASIENGAR, Esq., M.A.,

President, The Mysore Co-operative Land Mortgage Bank, Ltd.,

BANGALORE CITY.

To

The Registrar of Co-operative Societies

in Mysore, B A N G A L O R E.

Sir,

I have the honour to state that in accordance with condition No.6 under para one of Government Order No.G.12215-8/L.M. 21-29-2 dated 11th April 1930, the amounts raised by the Bank by the issue of debentures are being deposited with the Comptroller who has been appointed Trustee of the Bank. On these amounts, interest is being allowed to the Bank only at the Government Savings Bank rates (the current rates being 2¾ per cent on balances up to Rs.10,000/- and 2 per cent on balances in excess of Rs.10,000/- on the monthly minimum balances standing to its credit, while the Bank has to pay to the subscribers of debentures interest at 4 per cent (which is the rate borne by the current series) from the dates on which their subscriptions are paid. Under this arrangement, the Bank is subjected to a double loss - firstly loss on account of the lower rate of interest allowed to it by the Comptroller than that payable by it to the debenture-holders in respect of the amount placed in his hands as Trustee under the orders of Government and secondly loss of interest even at the reduced rate of interest for part of the month in respect of debenture subscriptions received by the Bank and remitted in the course of the month. For instance, if a debenture subscription is received by the Bank on the 5th of a certain month and forthwith sent to the Trustee, the Bank is not allowed any interest at all thereon for the month by the Comptroller though it has to pay interest at 4 per cent to the debenture-holder from the date on which the subscription was received. In this connection, I may state that in respect of all amounts overdrawn by the Bank from the Government Treasuries

Treasuries for disbursement of loan under the cash credit arr sanctioned by Government in their Orders No.D.2386-8/L.M. 5 dated 27/29th September 1934, it is understood that interest ing charged to the Bank at 4½ per cent on the daily balance ing against it in the cash credit account. I beg to submit t order to save the loss to the Bank,whose interests are so kin protected by the Government by bearing its working expenses i initial stages till it becomes self-supporting, the same rule be adopted in the payment of interest by Government on deben amounts deposited by the Bank with the Trustee as observed in pect of the interest charged by Government to the Bank on ove als made by it under the cash credit arrangement. I accordi request that you will be so good as to recommend to Governmen obtain their sanction for payment of interest on the Bank's d with the Trustee (1) on the basis of daily balances, as is do respect of the cash credit account, and (2) at the same rate charged by Government in respect of amounts overdrawn by the from the Government Treasuries under the cash credit arrangem instead of at the Savings Bank rate, for a period of one year least, if it cannot be sanctioned for a longer period.

I have the honour to be,

Sir,

Your most obedient servant,

K.R. SRINIVASIENGAR

President.

RS

" Copy "

PRESIDENT.

L. M. 7-35-3.

1st February 6.

No. D.4661/2M.7-35-3

My dear Mehkri,

Kindly see your letter No.2614/C.S. dated 29th October 1935, regarding the request of the Co-operative Land Mortgage Bank that the same interest be given on its balance with the Trustee as is charged on amounts due from it to Government under the cash credit arrangements which have been sanctioned in its case. I am desired to request you to let me know what amount belonging to the Bank is now in the hands of the Trustee. I am also to enquire whether the loss that the Bank is now incurring can be reduced or avoided if it makes use of the cash credit allowed to it and a lower rate of interest than at present is charged to it on the amounts drawn in this manner.

Yours sincerely,

G.M.Mehkri, Esq.,B.A.,LL.B.,
Registrar of Co-operative Societies in Mysore.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE

D. O. No. 393

Dated, Bangalore, 12th February 193 6.

3729

L.M.7-35-4

My Dear Venkatesa Iyengar,

GENERAL SECRETARIAT 13 FEB. 1936

With reference to your D.O.letter No.D.4661/L.M.7-35-3 dated 3rd February 1936, I write to state that the Trustee is stated to have Rs.1,32,048, besides a sum of Rs.5,352, being the amount advanced for payment of interest on debentures. The transactions through the Treasuries during the month of January 1936 have not yet been intimated by the Comptroller.

The Bank requested that the same interest be given on its balances with the Trustee, as is charged to it on amounts drawn out of the cash credit. The lowering of interest on the cash credit will not materially help the Bank.

I wanted to consult the President of the Bank, but as he is away in Madras, I could not get his opinion re: the lowering of interest on the cash credit as suggested by you.

Yours sincerely,

M. S. K. 11/2

M.Venkatesa Iyengar,Esq.,M.A.,
General Secretary to the Government
of Mysore, B a n g a lo r e.

L.S.11/2.

10

O. 5719
L.M.7-35-5
8-19-3-36.

To

The Registrar of Co-operative
Societies in Mysore, Bangalore.

S i r,

Adverting to the correspondence ending with your D.O. letter No.393 dated the 12th February 1936 recommending sanction to the request of the Central Land Mortgage Bank to be allowed interest on the Bank's deposits with the Comptroller- Trustee at 4½% on the basis of daily balances instead of at 2¾% on minimum balances between the 4th and the end of the month, I am directed to state that the rate of interest on call deposits elsewhere is not more than that allowed by Government in this case and it is not therefore possible to order the payment of a higher rate of interest.

I have etc.,

GENL.SECY.
TO GOVT.

TSS.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 19th March 1936

No. D. 5719
R.M.7-35-5

From

The *General Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

Sir,

Adverting to the correspondence ending with your D.O. letter No. 393 dated the 12th February 1936 recommending sanction to the request of the Central Land Mortgage Bank to be allowed interest on the Bank's deposits with the Comptroller-Trustee at 4½% on the basis of daily balances instead of at 2¾% on minimum balances between the 4th and the end of the month, I am directed to state that the rate of interest on call deposits elsewhere is not more than that allowed by Government in this case and it is not therefore possible to order the payment of a higher rate of interest.

I have the honor to be,
Sir,
Your most obedient servant,

General Secretary to Government.

Als. 2.

Appendix F G—1]

SUBJECT.....

.....

.....

Section LM

File No. 7-35

Serial No.

To Jy from Section
re forwarding
letting a clean draft

Diary No. of letter replied to.....

RS
T4/3.

No.

To

The Registrar C.B.

Sir

General and Revenue Secretariat

( )

the *193*

Date of issue.....

Signed by .....

recommending sanction to the ~~that~~ the request of the Central Land Mortgage Bank is to be allowed interest on the Bank's deposits with the Comptroller-Trustee at 4½ p.c. on the basis of daily balances instead of at 2¾ p.c. on minimum balances between the 4th & the end of the month, I am directed to state that no

List of enclosures.....

~~private Bank is paying more~~ on call deposits elsewhere ~~than~~ the rate of interest ~~now~~ is not more than 1½%

Copied by .....

allowed by Govt ~~on such calls~~ ~~deposits~~ and it is not therefore

Examined by.....

possible to ~~consider the payment of~~ a higher rate of interest ~~remuneration~~.

Govt. will however be glad to consider

Advertising to the Correspondence ending with your D.O. letter No 393 dated the 12th Feb 1936, on the question of allowing a higher rate of interest on the amounts of the Central Land Mortgage Bank held by the Trustee of the Bank and on the question of lowering of the interest on the Cash-Credit allowed to the Bank by Govt. I am directed to state that it is not possible to allow a higher rate of interest on the amount of the Bank in the hands of the Trustee.

~~And also~~ the question of lowering of

WD 03601—GPB—30,000—23-9-35

If a lower rate of interest may not be charged by the Bank on ~~cash credits on the Cash credit allowed to~~ cash credits
should it find the
~~the Bank will be Considered when it~~
~~is raised by the Bank.~~

I have en

dec 23/3/36 Gentleg